

Message Text

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USOECD

FOLLOWING TELEGRAM FROM BONN DATED JANURY 13, 1978
SENT SECSTATE WASHDC INFO BRUSSELS, GENEVA IS REPEATED TO YOU:
QUOTE

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USEEC

USMISSION ALSO FOR USMTN

E.O. 11652: NA
TAGS: EGEN, ETRD, GW
SUBJ: DISCUSSIONS OF DEPUTY ASSISTANT SECRETARY
HORMATS ON BROAD RANGE OF TOPICS.

1. DURING A SHORT BUT BROAD-RANGING VISIT TO BONN
ON JANUARY 11/12, DEPUTY ASSISTANT SECRETARY ROBERT
HORMATS MET WITH FRAU STEEG, ASSISTANT SECRETARY IN
THE ECONOMICS MINISTRY, AND HER DEPUTY, DR. MUELLER-
THUNS.

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2. THE MEETING AT THE ECONOMICS MINISTRY WAS VERY
MUCH DEVOTED TO NORTH/SOUTH ISSUES CONCENTRATING ON
PROBLEMS WITH THE COMMON FUND. BOTH THE GERMAN AND
U.S. SIDES AGREED THAT WE SHOULD NOT PAY ANYTHING
TO OBTAIN RESUMPTION OF NEGOTIATIONS WITH THE G-77
ON THE SUBJECT. BOTH MUELLER-THUNS AND FRAU STEEG

EXPRESSED STRONG RESERVATIONS CONCERNING ANY FURTHER CONCESSIONS ON THE COMMON FUND, INCLUDING A "SECOND WINDOW", BUT LEFT OPEN THE POSSIBILITY OF SOMETHING UNDRAMATIC AT THE END OF WHATEVER NEGOTIATING PROCESS WE HAVE. FRAU STEEG MADE CLEAR THE LACK OF ENTHUSIASM OF MINISTER LAMBSDORFF ON THE ENTIRE COMMON FUND EXERCISE.

3. HORMATS STRESSED THE URGENCY OF AGREEMENT ON AN EXTENSION OF A HOPEFULLY IMPROVED GENTLEMEN'S AGREEMENT ON EXPORT CREDIT. BOTH FRAU STEEG AND MUELLERTHUNS SHARED THE VIEW THAT SUCH AN AGREEMENT WAS NEEDED AND REFERRED TO THE PROBLEMS OF THE FRENCH. THEY ALSO STRESSED THAT, ALTHOUGH THE FRG ITSELF HAD SOME MINOR PROBLEMS WITH THE U.S. PROPOSALS, THERE WAS NO REASON WHY THEY COULD NOT BE WORKED OUT BETWEEN US WITHOUT VERY MUCH DELAY.

4. FRAU STEEG EXPRESSED A FAIR DEGREE OF CONFIDENCE THAT SOMETHING REASONABLY SATISFACTORY COULD BE WORKED OUT AT THE EC COUNCIL ON JANUARY 17 TO TABLE IN GENEVA ON JANUARY 23. NOT SURPRISINGLY, SHE STRESSED AS THE MAIN STUMBLING BLOCK FRENCH RESISTANCE TO ANY FIRM COMMITMENT ON THE TARIFF CUT RANGE OF A MAGNITUDE DESIRED BY THE U.S. SHE ALSO REFERRED TO PROBLEMS WITH THE "NO NET EXCEPTION" LIMITED OFFICIAL USE

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CONCEPT, A PROBLEM SHARED BY THE FRG ITSELF. IN ADDITION TO THE FRENCH DIFFICULTIES, SHE MENTIONED SOMETHING LESS THAN ENTHUSIASM ON THE PART OF THE BELGIANS AND THE ITALIANS IN EC DISCUSSIONS OF THE MTNS.

5. TALKS AT THE FOREIGN OFFICE WITH DEPUTY ASSISTANT SECRETARY MATHIAS AND DIRECTOR FOR MULTILATERAL ECONOMIC COOPERATION SULIMMA COVERED OUTLOOK FOR THE OVERVIEW MECHANISM AND THE COMMON FUND (CF).

6. OVERVIEW MECHANISM -- THE GERMANS HAVE FROM THE OUTSET BEEN SUSPICIOUS AND UNENTHUSIASTIC ABOUT A NEW BODY ACTING IN AN OVERVIEW CAPACITY, PREFERRING TO KEEP SUCH A TASK WITHIN ECOSOC. SULIMMA ADDED HE DID NOT BELIEVE THE U.S. PROPOSAL FOR A RESTRICTED-SIZE GROUP COULD SUCCEED, SINCE THE G-77 WOULD OPPOSE IT AND BECAUSE PICKING THE SELECT COUNTRIES THAT WOULD MAKE UP THE GROUP WOULD BE EXTREMELY TOUCHY AND DIFFICULT. IN THE FRG VIEW, THE MAIN OBJECTIVE OF THE G-77 IN ANY OVERVIEW BODY WOULD BE TO ELEVATE MEETINGS TO THE HIGHEST POSSIBLE LEVEL,

IF POSSIBLE, IN MINISTERIAL LEVEL, WHERE LDCS BELIEVE THEY HAVE THE BEST CHANCE OF PRESSURING INDUSTRIAL COUNTRY LEADERS INTO GIVING IN TO G-77 DEMANDS. MATHIAS AND SULIMMA AGREED THAT ANY OVERVIEW BODY SHOULD NOT BE A NEGOTIATING FORUM AND THAT TOPICS FOR DISCUSSION SHOULD BE BROAD AND CONCEPTUAL, WITH A VIEW TO AVOIDING RESOLUTIONS CALLING FOR ACTION WHICH WOULD BE DIFFICULT TO CARRY OUT. THE GERMANS RAISED THE QUESTION OF HOW GROUP B COUNTRIES COULD BETTER COORDINATE THEIR POSITIONS AND TACTICS, POINTING OUT THAT THERE WAS MUCH ROOM FOR IMPROVEMENT, PARTICULARLY AT THE UN IN NEW YORK. THEY EXPLORED THE POSSIBILITY OF A CONTINUATION OF THE NORTH-SOUTH (ROBERTS) COMMITTEE AS A FOCAL POINT FOR COORDINATION LIMITED OFFICIAL USE

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OF POLICY ISSUES.

7. COMMON FUND -- SULIMMA INDICATED THAT FOREIGN MINISTER GENSCHER WAS MORE FAVORABLE TOWARD ACCOMMODATING G-77 DEMANDS ON THE CF AND A "SECOND WINDOW" THAN OTHERS IN THE GOVERNMENT. HE CONFIRMED THAT COUNT LAMBSDORFF, THE MINISTER OF ECONOMICS, TOOK A VERY NEGATIVE VIEW OF G-77 DEMANDS AND HAD BEEN BUTTRESSED IN THESE VIEWS IN RECENT DAYS BY SUPPORT FROM GERMAN INDUSTRY. WHILE NO FINAL DECISIONS HAVE YET BEEN MADE ON THE FRG POSITION AT THE NEXT CF MEETING, IT APPEARS THAT THE PROPONENTS OF THE HARD LINE TOWARD THE CF RETAIN THE UPPER HAND.

8. COMMENT: THE FRG CONTINUES TO STUDY INTENSELY EVERY NUANCE OF THE U.S. POSITION ON COMMODITIES AND COMMON FUND, FEARING THAT THERE MAY BE LAST MINUTE CHANGES IN THE U.S. POSITION WHICH LEAVE THE FRG OUT ON A LIMB. IN GENERAL, A STRONG U.S. POSITION ENABLES THE CONSERVATIVES (ECONOMICS MINISTRY) IN THE FRG TO CARRY THE DAY WITHIN THE GOVERNMENT AND CONSEQUENTLY ENABLES THE FRG TO TAKE A CONSERVATIVE LINE WITHIN THE EC. WHILE WE RECOGNIZE THAT LAST-MINUTE CHANGES IN U.S. POSITIONS CANNOT BE FORESEEN, TO SECURE FULL FRG COOPERATION (WHICH IS MORE OFTEN THAN NOT WILLINGLY GIVEN), TIMELY AND FULL DISCUSSIONS OF U.S. VIEWS PRIOR TO INTERNATIONAL MEETINGS ARE EXTREMELY IMPORTANT. STOESEL UNQUOTE CHRISTOPHER

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